

## 2<sup>ND</sup> DRAFT COPY - EMPLOYEE HOUSING

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**THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, DOES HEREBY ORDAIN as follows:**

### **Section 15.90.000 Declaration of findings**

The County has experienced rapidly increasing median rents and median housing prices. These increases will continue to perpetuate and exacerbate the shortage of workforce housing. It is essential and necessary for the preservation and maintenance of the Placer County community to ensure the provision of housing within the Tahoe-Sierra region, which serves both year-round and seasonal employees. Recognizing that new *office, recreation, industrial, resort, commercial and residential* development generates additional employment and consistent with the desire to have new development mitigate *housing* impacts attributable to such development, the County finds it necessary to require new development to provide *a fair share of* affordable workforce housing. Maintaining permanent and long-term housing in proximity to the source of employment generation serves to maintain the community, reduce traffic congestion, and minimize impacts on the environment and neighboring communities. Housing must be affordable to the local workforce in order for the economy to remain stable.

The County of Placer declares that the ~~citizens of the~~ *County's workforce employed in the Tahoe/Sierra area* with moderate, low, and very low incomes are experiencing a housing shortage. Whereas the goal of the County is to achieve a balanced community with housing available for households of all income levels, there exists a shortage of housing that is affordable to ~~many citizens of the County~~ *the County's workforce in the Tahoe/Sierra area*. Federal and state housing subsidies are not sufficient by themselves to satisfy the housing needs of these households. The County finds that the housing shortage for ~~persons~~ *the workforce* of moderate, low, and very low incomes is detrimental to the public health, safety, and welfare.

Therefore, to implement the County General Plan, to carry out the mandates of state housing element law, ~~to include~~ *ing an additional method to help meet the regional fair share housing requirements, meeting the regional fair share housing requirements*, and to ensure the benefits of economic diversity to the residents of the County, *and provide adequate housing for the workforce in the Tahoe/Sierra area.* ~~It~~ is essential that new development provide housing opportunities for all income levels, and that the County provide a regulatory and incentive framework which ensures development of an adequate supply and mix of new housing to meet the future housing needs of all income segments of the community.

Section 2. That Article XX.XX, entitled Employee Housing, is hereby added to Chapter 15, Building and Development, of the Placer County Code to read as follows:

### **Section 15.90.010 Purpose and intent**

This chapter is intended to assist in the provision of workforce housing for persons of moderate, low and very-low income in the Tahoe Sierra region. *The Tahoe Sierra region is defined as the portions of Placer County that have an elevation of 5,000 feet or greater (above Blue Canyon).* Public housing programs and housing subsidy programs can meet only a small portion of the need for low and moderate income housing. Much of the housing need in the region is generated from tourist-based industries, which do not provide ~~an adequate wage for the extremely high housing costs~~ *a wage that is sufficient to cover the cost of market rate housing.* This program is designed to promote a full range of housing choices, to require construction and continued existence of affordable workforce housing, to provide for a program of incentives and local public subsidy, and to implement the Housing Element of the County's General Plan.

### **Section 15.90.020 Definitions**

Unless the context clearly requires otherwise, the definitions in this section shall govern the provision of this article.

**"Affordable"** means rented at an affordable rent or sold at an affordable housing price.

**"Affordable rent"** for a unit whose occupancy is restricted to a very low-income household means that the monthly rent, including utilities and all fees for housing services, shall not exceed thirty percent (30%) of income for households earning fifty percent (50%) or less of the median income, or for a unit whose occupancy is restricted to a low income household means that the monthly rent, including utilities and all fees for housing services, shall not exceed thirty percent (30%) of income for households earning fifty-one percent (51%) to eighty percent (80%) of the median income, as defined herein. Affordable rent shall be based on presumed occupancy levels of one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, and one additional person for each additional bedroom thereafter.

**"Affordable sales price"** means the maximum purchase price that will be affordable to *very low*, low, and moderate-income households as defined herein. In setting the affordable sales price, realistic assumptions regarding down payment, mortgage interest rate and term will be required and those assumptions must demonstrate that targeted income families can reasonably qualify. If evidence is presented which shows to the satisfaction of the County that targeted income buyers can qualify for financing even though the percentage of their income allocated to housing is higher than thirty percent (30%), then a corresponding increase may be approved in the affordable sales price. Affordable sales price shall be based upon presumed occupancy levels of one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, and one additional person for each additional bedroom thereafter.

**“Affordable units”** means and is limited to those dwelling units which are required to be rented at affordable rents or purchased at an affordable sales price to specified households as described in this article.

**“Annual household income”** means the combined gross income for all adult persons living in a dwelling unit as calculated for the purpose of the Section 8 program under the United States Housing Act of 1937, as amended, or its successor.

**“Board”** means the Placer County Board of Supervisors.

**“Building permit”** means a permit issued pursuant to Chapter 15 of the Placer County Code.

**“By-Right”** *The proposed use is permitted in the subject zone district provided the project complies with the standards established in the Zoning Ordinance. No additional entitlements (i.e. Use Permits) are required.*

**“Commercial development”** is development built with the intent to engage in business activities. Such activities include: commercial – service and retail, industrial, office, recreation, transient lodging, and timeshares.

**“Construction costs”** means the estimated cost per square foot of construction, as established by the building department for use in the setting of regulatory fees, multiplied by the total square footage to be constructed.

**“County RDA”** means the Placer County Redevelopment Agency.

**“Discretionary permit”** shall include use permits issued pursuant to Chapter 17 of the Placer County Code, and the approval of tentative, final or parcel maps pursuant to Chapter 16 of the Placer County Code.

**“Dormitory”** means a building or room providing sleeping quarters for a number of people.

**“Dwelling unit”** shall have the meaning set forth in Section 17.03.010 of the Placer County Code.

**“Employee”** full time equivalent as defined by working 36 hours or more per week.

**“Hearing Body”** this shall refer to the *Design/Site Review Committee*, Zoning Administrator, Planning Commission, or the Board of Supervisors. The Planning Director shall serve as the hearing body for projects which are allowed "by-right".

**“Infeasible”** *A project is considered to be infeasible if there are insurmountable physical site constraints, insufficient infrastructure, or inadequate access to urban services and/or transportation facilities.*

**“Low income households”** are those households with incomes of up to eighty percent (80%) of median income, or as set out in Health & Safety Code Section 50093.

**“Market rate units”** means dwelling units in a residential project, which are not affordable units.

**“Median income”** means the median income, adjusted for family size, applicable to Placer County as published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the United States Department of Housing and Urban Development.

**“Moderate income households”** are those households with incomes of up to one hundred twenty percent (120%) of median income, or as set out in Health & Safety Code Section 50093.

**“Monthly owner-occupied housing payment”** shall be that sum equal to the principal, interest, property taxes, utilities, homeowner’s insurance and homeowner’s association dues paid on an annual basis divided by twelve.

**“Planning commission”** shall mean the Placer County Planning Commission.

**“Planning director”** means the director of the Placer County Planning Department or the designee of said director.

**“RDA”** shall mean the county’s Redevelopment Agency.

**“Residential project”** means a proposed residential development or subdivision of land, including condominium and timeshare projects, *an un-subdivided manufactured home park*, or the construction or rehabilitation of any dwelling units for which a building permit or discretionary permit is issued by the county. ~~provided, however, that residential project shall not include (1) the construction of any dwelling unit for which the construction costs do not exceed fifty five thousand dollars (\$55,000), or (2) the rehabilitation of any dwelling unit for which the construction costs do not exceed fifteen thousand dollars (\$15,000).~~

**“Section”** unless otherwise indicated, means a section of the Placer County Code.

***“Soft Costs”** means the indirect costs attributed to a project including, but not limited to, architectural services, engineering and surveying, legal fees, administration, marketing, appraisals and insurance.*

**“Substantial rehabilitation”** means rehabilitation of existing dwelling units, the value of which constitutes twenty-five percent (25%) of the after-rehabilitation value of the dwelling, and which results in rent restrictions for those existing dwelling units to insure that they will remain available at affordable housing cost to persons of moderate, low,

and very low income for the longest feasible time, ~~but not less than the period of the land use controls established in the redevelopment plan.~~

~~"Targeted income families" means those households that meet the classification as moderate, low and very low income households as defined in this ordinance.~~

**"Very low-income households"** are those households with incomes of up to fifty percent (50%) of median income, or as set out in Health & Safety Code Section 50093.

***"Workforce Housing" is that which is affordable to very-low, low, or moderate income households.***

### **Section 15.90.030 Minimum workforce housing requirements**

- A. This ordinance applies to the following uses: commercial service, commercial retail, industrial, office, recreation, residential, resort, transient lodging, and timeshares.
- B. The minimum workforce housing requirements shall be determined according to the following formulas:

Number of employees generated by the proposed development (as determined by using the applicable factor in Table 1) multiplied by fifty percent (50%)\* equals the minimum number of employees required to be provided with workforce housing. For fractions of employees generated, the number of employees ~~should~~ *shall* be rounded up to the next higher whole number.

*\* This figure is derived from policy A.14 of the Placer County Housing Element.*

<b>Table 1</b>
2.00 employees per 1,000 square feet commercial service
2.00 employees per 1,000 square feet commercial retail
1.66 employees per 1,000 square feet industrial
<del>3.33</del> 5.0 employees per 1,000 square feet office
2.00 employees per 1,000 square feet recreation
0.33 employees per transient lodging unit
0.33 employees per time share unit
<del>0.4733</del> employees per residential unit
Independent calculation .....Outdoor recreation/ <i>resorts</i>

For the purposes of this Table, square footage shall be calculated as the gross floor area of the proposed use, including basement or cellar space, minus the gross floor area of any garages.

The minimum number of employees generated shall be *divided by 1.45 employees/unit to determine the number of units required, an alternative of*

*1 employee per studio unit, 2 per 1-bedroom unit, and 3 per 2 bedroom unit will also be considered. (Note: This figure represents the County's average).*  
~~multiplied by one (1) bedroom per employee to determine the total minimum workforce housing requirement in numbers of bedrooms required. In the absence of more detailed information, the number of units required shall be determined by dividing the number of bedrooms by 2.~~

~~C. This ordinance applies to portions of the County that have an elevation of 5,000 feet or greater. (Above Blue Canyon)~~

~~C.D.~~ Independent calculation

1. *Regardless of the ratios in Table 1, A*an applicant may submit an independent calculation of the number of employees generated by *any* proposed development to be used in place of the employee generation requirements in Table 1.
2. Approval of the results of the independent calculation shall be at the discretion of the ~~planning commission~~*hearing body*. In determining whether approval of an independent calculation should be granted, the ~~planning commission~~*hearing body* shall consider the following criteria:
  - a. Data and records, including but not limited to an independent payroll audit and/or supporting employment generation for the proposed use.
  - b. ~~Future changes in use for the property permitted by the underlying zoning.~~ *Potential increase in land use intensity (thus employees) based on typical uses associated with the base zone district within which the project is proposed.*
  - c. Actual employment rates of similar businesses and activities within the Tahoe/Sierra region.
  - d. Whether approval would be consistent with the intent and purposes of this article.
3. Any acceptance of an independent calculation shall be site specific and use specific, non-transferable and be memorialized in a ~~development agreement~~ *Housing Mitigation Plan Agreement* between the property owner and the County. Such agreement shall be executed prior to issuance of any building permit~~;~~ *, grading permit, improvement plan approval, or other entitlement to proceed with a project.*
4. Should the independent calculation not be accepted, the applicable employee generation factor from Table 1 shall be applied to the proposed development, *or a modified calculation shall be approved by the hearing body.*

### **Section 15.90.035 Exempted Developments**

The following development projects are exempt from this chapter and generate no obligation to provide an employee-housing component:

- ~~—a)~~ Commercial, industrial, recreational, resort, *residential*, and office developments that generate fewer than 5 full time equivalent employees.
- ~~—b)~~ Projects that provide 50% low, very low, or *30%* moderate cost housing;
- ~~—c)~~ Rehabilitation or redevelopment of existing commercial, industrial, office, transient lodging, or time share *projects* where the building size, the number of dwelling units and/or the number of employees is not increased.
- ed) An applicant may present evidence to the County for consideration of the ~~Planning Commission~~ hearing body, demonstrating that due to the special characteristics of the proposed project, there is no additional need created for employee housing. If the ~~Planning Commission~~ hearing body finds there is no nexus between the proposed development and the purpose of this ordinance, the ~~Planning Commission~~ hearing body may find the project to be exempt.*
- ~~—ee)~~ Residential projects and transient lodgings proposed to contain ten (10) or fewer units; *shall have only a fee obligation.*

*~~[Alternative —a) and c) above would have only a fee obligation]~~*

#### **Section 15.90.040 Design and building requirements**

Workforce housing units may be constructed in numerous configurations when constructed within the project requiring such units *provided that the units are not disproportionately concentrated near an environmental nuisance (i.e. landfill, freeway, etc).* When workforce housing is constructed as a part of a residential project, such units shall be comparable in exterior appearance, and overall quality of *recent* construction ~~to first-class-quality affordable housing~~ found elsewhere in the Tahoe Sierra region.

#### **Section 15.90.050 ~~Methods for providing housing~~Housing Mitigation Plans**

Applicants shall satisfy the workforce housing requirements established in this article by submitting a housing mitigation plan specifying how the minimum workforce housing requirement will be provided.

~~A. —Workforce housing units required by this article shall be deed restricted to rental or sales terms and occupancy limitations for thirty years.~~

~~B. —Housing Mitigation Plan:~~

The following *options* may be used to meet the minimum workforce housing mitigation requirements *and shall be specified in the project's a housing mitigation plan*:. However, *large projects consisting of 100 residential units or more or any other use which results in 50 employees or more shall only utilize options 1 or 2.*



1. On-site housing: Construction of the units on the site on which the development is proposed. Secondary dwellings, under certain circumstances, approved by the hearing body may be used to satisfy the *is ordinance applications*.
2. Off-site housing: In the event that the County finds on-site housing infeasible, or it can be demonstrated that another option is *at least as effective or* more effective in providing *workforce affordable* housing, the developer may satisfy the requirements of providing workforce housing, in whole or in part, by constructing, ~~or~~ substantially rehabilitating, *or making available* units equal to or greater than the required units at a site different than the site of the development; provided that such site has not been previously deed restricted to workforce or affordable housing and that such site is within the Tahoe-Sierra region of ~~Placer County~~ *California*.
3. Dedication of land: In the event that the County finds on-site or off-site housing infeasible, or it can be demonstrated that another option is *as or* more effective in providing *workforce affordable* housing. The developer may satisfy the requirements of providing the workforce housing requirements, in whole or in part, by a conveyance of land to the County for the construction of the required units provided that such site has not been previously deed restricted to employee or affordable housing and that such site is within the Tahoe-Sierra region of California.

~~The appraised value of the dedicated land shall be equivalent to the cost to provide the minimum workforce housing requirements, including the land and constructions costs. The developer may provide a "proforma financial model" including a development budget to document the appraisal value of the dedicated land and the cost of providing the workforce housing requirement.~~

4. Payment of an in-lieu fee: In ~~exceptional~~ cases where the County finds on-site housing, off-site housing, or the dedication of land infeasible, *or when the County has approved workforce housing projects that would benefit from and would be able to proceed if a monetary subsidy was made available by the development project*, upon application of the developer, and at the discretion of the hearing body, a fee in lieu of all or some of the units, may be paid by the developer.

Fees *per employee* paid in-lieu of providing employee housing shall be calculated as the difference between the *land, construction, financing, soft-costs of workforce housing per unit less the affordable sales price for low-income family of 3, divided by 3. This figure shall be increased by 50% to cover inflation and the increased future costs for providing employee housing. median sales price of a single family unit and the sales price affordable to low income households (based on a 3 person family) multiplied by the number of required employee units divided by 3 (an assumed 3 employees per unit).*

~~Note: The sales price is based on a 3 person household.~~



## 5. Further Specifications for Housing Mitigation Plans

a. *Housing Mitigation Plan.* The housing mitigation plan shall include the calculation of ~~an~~ method by which housing is to be provided, and, if ~~workforce affordable~~ units are to be developed, a site plan and building floor plans, illustrating the number of units proposed, their location, the size of each unit and number of bedrooms, and the rental/sale mix *and the expected sales or rental costs* of the development. The housing mitigation plan ~~shall also~~ *may need to* include an analysis of the salary ranges of all new employees, an estimate of the level of housing affordability for the salary ranges, and the income categories to which each unit is proposed to be restricted. The workforce housing proposed shall ~~be affordable to the new~~ *bear a reasonable relationship to the incomes of the* employees generated.

b. *Preference in Occupancy.* The housing mitigation plan can allow for a preference in occupancy when units are first rented or become vacant to employees employed by the project or to other workers in the region *(unless restricted by other funding sources)*.

c. *Number of Employee Units Credited to the Dedication of Land.* The number of units credited to the dedication of land will be based on the total development cost to provide the employee dwelling units including the land, *financing, and* construction, *and soft-* costs so that the appraised value of the land that is dedicated to the County is equivalent to the total development costs of the *on-site* employee *housing* requirement. If the appraised value of the dedicated land is less than the total development costs, the developer will be credited for units to the extent that the appraised value covers any portion of the development costs of the employee requirement. Any fractions of a unit will be rounded down to the nearest whole unit.

With respect to dedicated land, the County, upon acceptance of *an* offer of dedication, shall publish a request for proposal for development of the site(s) which will result in at least the number of units credited to the site(s).

d. *Site Suitability.* Land proposed for dedication must be suitable from the perspective of size, configuration, physical characteristics, physical and environmental constraints, access, location, adjacent use, and other relevant planning criteria.

e. *Site Identification and Regulatory Status.* The developer must identify the proposed dedicated site and the number of proposed units to be credited thereby as part of the housing mitigation plan required by this ordinance. ~~At the same time or before the development project receives its entitlements, the dedicated land shall have received all the entitlements necessary for development of the employee units on such land.~~ Unless a phasing plan ~~permits~~ *requires* otherwise, at the same time or before a project records a final map, or is issued a building permit, whichever is earlier, the dedicated land shall have received all the necessary project-level approvals necessary for development of the employee units on such land, and prior to the issuance of any certificate of occupancy, *for*

*the development project*, the dedicated land shall be fully served with the infrastructure necessary for residential development.

*f. Hearing Body Review.* If the housing mitigation plan is accepted or accepted as modified by the hearing body, the relevant elements of the housing mitigation plan shall be included in the applicable approvals for both the proposed development generating the requirement for the employee housing component and, if applicable, the dedicated site, off-site development, or rehabilitation project where all or part of that requirement is proposed to be met.

*g. Implementation.* The owner of the proposed project must: (1) in the case of land dedication, provide an irrevocable offer of dedication for the dedicated site at no cost to the County or to a developer of affordable housing approved by the County; and (2) in the case of off-site development, demonstrate to the hearing body that the off-site location is and will remain committed to the timely development of the employee units; and (3) in the case of new construction or substantial rehabilitation of rental units, assure that the units will be rent restricted for 30 years with respect to each affordable unit. The commitment of off-site land may be demonstrated through ownership of the off-site location, or through adequate control of the use of the off-site location through joint-ownership, joint venture or other contractual means. If necessary to ensure that workforce housing units are developed or rehabilitated contemporaneously with the proposed project, the County may require the offer of dedication, evidence of off-site control, or commencement of rehabilitation as early as the recording of a final map or issuance of a building, whichever occurs first.

*h. Workforce housing units.* The minimum workforce housing requirement can be met with either rental or for-sale units. Based upon the number and type (i.e. seasonal or permanent) of new employees generated and the information in the housing mitigation plan, the hearing body may allow dormitory-style housing, in whole or in part, to satisfy the workforce housing requirement.

*i. Workforce housing units required by this article shall be deed restricted to rental or sales terms and occupancy limitations for thirty years unless specified otherwise in the adopted Housing Mitigation Plan.*

*ij. Appeals.* An applicant or any aggrieved person may appeal decisions of the hearing body as provided in the Placer County Zoning Ordinance.

With respect to an off-site location, the hearing body may also condition development or occupancy of the proposed project on development or occupancy of the off-site employee units, and the employee housing agreement must apply to and be recorded against both the proposed project and the off-site development.

### **Section 15.90.055 Employee Housing Incentives**

The developer may request that the County provide incentives as set forth in this Section. The goal of these incentives is to apply available incentives to qualifying projects in a manner that, to the extent feasible, offsets the cost of providing the workforce housing. The planning director shall respond to that request and make a determination as to a package of incentives.

*Fee Waivers or Deferrals.* Upon application as provided herein, the County shall make available a program of waiver, reduction, or deferral of development fees, and/or administrative fees for employee units. Such a program may include a fifty percent (50%) waiver of development-related application and processing fees for affordable units constructed in connection with a proposed project. *This waiver does not include impact fees unless an alternative funding source has been identified.* In addition, the planning director may consider, on a case-by-case basis, the provision of additional incentives as provided by law or in the Housing Element of the Placer County General Plan.

*Modification of Planning and Public Works Development Standards.* Upon application as provided herein, the County may modify, to the extent feasible, in light of the uses, design, and infrastructure needs of the development, standards relating to road widths, curbs, and gutters, parking, lot coverage, and minimum lot sizes.

~~*Interior Finish Reductions.* Upon application as provided herein, the County may, to the maximum extent appropriate in light of project design elements, allow builders to finish the interior of employee units with less expensive finishes and appliances than market rate units.~~

~~*Reduced Affordability time limit.* Employee housing units constructed in a timely manner as noted in Section 15.090.050 (5)(g), may have the affordable time period reduced to 20 years.~~

*Streamlining and Priority Processing.* The planning director may authorize expedited permit processing to the maximum extent feasible consistent with the public health, safety, and welfare *and compliance with state and local regulations.*

*Density Bonus.* The County shall make available to the developer a density bonus as provided in state density bonus law (Government Code Section 65915) *when applicable.* Market rate units produced as part of such a density bonus do not give rise to an employee-housing component *and can be used to satisfy the employee housing requirement if they meet applicable requirements of this ordinance.*

### **Section 15.90.060 Collection and Use of In-lieu Fees**

Any monies contributed to the County pursuant to the provisions of this article shall be payable to Placer County for the purpose of providing affordable housing. Payment of

the fee shall be made in full prior to the issuance of building permits or recordation of final maps.

Any fees collected and interest accrued pursuant to this chapter shall be committed *to the construction of an affordable housing project* within five years after the payment of such fees.

#### **Section 15.90.065 Administration of Affordability Control**

Prior to the issuance of certificates of occupancy for affordable units, regulatory agreements and, if the affordable units are owner-occupied, resale restrictions deeds of trust and/or other documents, all of which must be acceptable to the planning director and consistent with the requirements of this Chapter, shall be recorded against parcels having such affordable units and shall be effective for at least the period of time required by ~~Health and Safety Code Section 33413~~ *the approved Housing Mitigation Plan* with respect to each affordable unit.

The maximum sales price permitted on resale of an affordable unit intended for owner-occupancy shall not exceed the seller's purchase price, adjusted for the percentage increase in median income since the seller's purchase, plus the value of substantial structural or permanent fixed improvements to the property as determined by the County Assessor. ~~Median income shall be calculated based on the presumed occupancy levels used to determine affordable sales price.~~

The resale restrictions shall provide that in the event of the sale of an affordable unit intended for owner occupancy, the County shall have the right to purchase such affordable unit at the maximum price, which could be charged by the household *pursuant to this section*.

No household shall be permitted to occupy an affordable unit, or purchase an affordable unit for owner-occupancy, unless the county or its designee has approved the household's eligibility, or has failed to make a determination of eligibility within the time or other limits provided by a regulatory agreement or resale restrictions. ~~Households selected to occupy affordable units shall be selected from the list of eligible households maintained by the RDA to the extent provided in the regulatory agreement or resale restrictions.~~

#### **Section 15.90.070 Enforcement**

The Placer County office of county counsel or the Placer County district attorney, as appropriate, shall be authorized to enforce the provisions of this ordinance.

Failure of any official to fulfill the requirements of a provision of this document shall not excuse any applicant from fulfilling the remaining requirements of the ordinance.